

## SENATE BILL NO. 625

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor

on \_\_\_\_\_)

(Patron Prior to Substitute--Senator Favola)

A BILL to amend and reenact §§ 45.2-1912 through 45.2-1917 of the Code of Virginia, relating to the Low-to-Moderate Income Solar Financial Incentives Fund and Program; financial incentives.

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 45.2-1912 through 45.2-1917 of the Code of Virginia are amended and reenacted, as follows:**

**§ 45.2-1912. Definitions.**

As used in this article, unless the context requires a different meaning:

"Board" means the Clean Energy Advisory Board created pursuant to § 45.2-1913.

"Financial incentive" means any grants, loans, rebates, or any other inducement paid out of the Fund.

"Fund" means the Low-to-Moderate Income Solar ~~Loan and Rebate~~ Financial Incentives Fund created pursuant to § 45.2-1916.

"Program" means the Low-to-Moderate Income Solar ~~Loan and Rebate~~ Financial Incentives Pilot Program created pursuant to § 45.2-1917.

**§ 45.2-1913. Clean Energy Advisory Board; purpose.**

The Clean Energy Advisory Board is established as an advisory board in the executive branch of state government. The purpose of the Board is to establish a pilot program for disbursing ~~loans or rebates~~ financial incentives for the installation of solar energy infrastructure in low-income and moderate-income households.

**§ 45.2-1914. Membership; terms; quorum; meetings.**

A. The Board shall have a total membership of 17 members that shall consist of 16 nonlegislative citizen members and one ex officio member. Members may reside within or ~~without~~ outside the Commonwealth. Nonlegislative citizen members shall be appointed as follows:

1. Six nonlegislative citizen members to be appointed by the Speaker of the House of Delegates upon consideration of the recommendations of the Board of Directors of the ~~Maryland DC Delaware Virginia Solar Energy Industries~~ Chesapeake Energy Storage and Solar Association (the ~~MDV SEIA~~ CHESSA Board) and the Governor's Advisory Council on Environmental Justice (the Council), one of whom shall be a designee of the Virginia Housing Development Authority, created pursuant to the provisions of Chapter 1.2 (§ 36-55.24 et seq.) of Title 36; one of whom shall be a rooftop solar energy professional or employer or representative of rooftop solar energy professionals; one of whom shall be a current or former member of the Council; one of whom shall be a member or representative of the Virginia, Maryland and Delaware Association of Electric Cooperatives (VMDAEC); one of whom shall be an expert with experience developing low-income or moderate-income incentive and loan programs for distributed renewable energy resources; and one of whom shall be an attorney who is licensed to practice in the Commonwealth and maintains a legal practice dedicated to rural development, rural electrification, and energy policy;

2. Three nonlegislative citizen members to be appointed by the Senate Committee on Rules upon consideration of the recommendations of the ~~MDV SEIA~~ CHESSA Board, one of whom shall be a solar energy professional or employer or representative of solar energy professionals, one of whom shall work for or with an investor-owned electric utility company based in the Commonwealth, and one of whom shall be a member or representative of VMDAEC; and

3. Seven nonlegislative citizen members to be appointed by the Governor upon consideration of the recommendations of the ~~MDV SEIA~~ CHESSA Board and the Council and subject to confirmation by the General Assembly, one of whom shall be an attorney who is licensed to practice in the Commonwealth and maintains a legal practice in renewable energy law and transactions, one of whom shall be an attorney who is licensed to practice in the Commonwealth and specializes in tax law and energy transactions, one of whom shall be an attorney with the Division of Consumer Counsel created pursuant to the provisions

of § 2.2-517, one of whom shall be an employee of a community development financial institution who specializes in impact investing, one of whom shall be a member of a Virginia environmental organization, and two of whom shall be designees of the Department of Housing and Community Development, created pursuant to the provisions of Chapter 8 (§ 36-131 et seq.) of Title 36.

B. The Director or his designee shall serve ex officio with voting privileges and shall assist in convening the meetings of the Board.

C. Nonlegislative citizen members of the Board shall be citizens of the Commonwealth. The ex officio member of the Board shall serve a term coincident with his term of office. Nonlegislative citizen members shall be appointed for a term of three years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as the original appointments. All members may be reappointed.

D. The Board shall elect a chairman and vice-chairman from among its membership. A majority of the members shall constitute a quorum. The meetings of the Board shall be held at the call of the chairman or whenever the majority of the members so request.

**§ 45.2-1915. Powers and duties of the Board; report.**

The Board has the powers and duties to:

1. Advise the Director on the management of the Fund pursuant to the provisions of § 45.2-1916;

~~2. Develop, establish, and operate, with the approval of the Director, the Program pursuant to the provisions of § 45.2-1917;~~

~~3.~~ Advise the Director on the possibility of working with a community development financial institution or other financial institutions to further the purposes of the Program;

~~4.~~ 3. Advise the Director on the distribution of moneys in the Fund in the form of ~~loans or rebates~~ financial incentives pursuant to the provisions of § 45.2-1917; and

~~5.~~ 4. Submit to the Governor and the General Assembly an annual report for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports. The chairman shall submit to the Governor and the General Assembly an annual executive summary of the interim activity and work of the Board no later

than the first day of each regular session of the General Assembly. The executive summary shall be submitted for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

**§ 45.2-1916. Low-to-Moderate Income Solar Financial Incentives Fund.**

There is hereby established in the state treasury a special nonreverting fund to be known as the Low-to-Moderate Income Solar ~~Loan and Rebate~~ Financial Incentives Fund. The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of ~~extending loans or paying rebates~~ providing financial incentives to electric customers who complete solar installations ~~or and~~ energy efficiency improvements pursuant to the provisions of § 45.2-1917. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director.

**§ 45.2-1917. Low-to-Moderate Income Solar Financial Incentives Pilot Program.**

A. The Board, with the approval of the Director, shall develop and establish a Low-to-Moderate Income Solar ~~Loan and Rebate~~ Financial Incentives Pilot Program and ~~rules~~ guidelines for the ~~loan or rebate~~ financial incentive application process. The Program shall be open to any Virginia resident whose household income is at or below 80 percent of the state median income or regional median income, whichever is greater. The Program shall allow only one ~~loan~~ financial incentive per residence, irrespective of the ownership of the solar energy system that is installed. Such ~~loan~~ financial incentive shall be available only for a solar installation or energy efficiency improvements pursuant to the provisions of Chapter 1.2 (§ 36-55.24 et seq.) of Title 36.

B. The ~~Board~~ Director shall accept an application only from the installer of the solar installation or the agent of the customer.

Each application shall include (i) ~~12 months of the customer's utility bills prior to installation of the solar energy system and an agreement to provide 12 months of utility bills to the Board following the installation~~ evidence demonstrating that the household has been weatherized within the past five years by an authorized weatherization assistance provider or other provider approved by the Department of Housing and Community Development; (ii) the customer's permission for the Director to (a) create a customer profile for the customer if he becomes an eligible loan or rebate customer, (b) aggregate the data provided by such eligible loan or rebate customers, and (c) use such aggregate data for the purpose of lowering energy costs and implementing effective programs; (iii) evidence of the completion of a home performance audit, conducted by a qualified local weatherization service provider or provider approved by the Department of Housing and Community Development, before and after installation of energy efficiency services such as lighting or insulation improvements, attic tents, weatherization, air sealing of openings in the building envelope, sealing of ducts, or thermostat upgrades, to demonstrate that such energy efficiency services were completed ~~and resulted in a reduction in consumption of at least 12 percent~~; and (iv) an affidavit attesting to the receipt of a public benefit at the time the solar energy system is to be installed.

C. ~~The Board~~ Director shall review each application submitted ~~to it~~ on a first-come, first-served basis ~~and shall recommend to the Director the approval or denial of each such application within 30 days of receipt~~. If the Director approves an application, he shall hold a reservation of funds for as long as ~~180 days for final loan or rebate claim and disbursement~~ program guidelines require.

D. A customer whose application is approved may install an energy system that is interconnected pursuant to the provisions of § 56-594 or any section in Title 56 that addresses net energy metering provisions for electric cooperative service territories.

E. All of the work of installing the energy system shall be completed by a licensed contractor that (i) possesses an Alternative Energy System (AES) Contracting specialty as defined by the Board for Contractors pursuant to the provisions of Chapter 11 (§ 54.1-1100 et seq.) of Title 54.1; (ii) possesses certification for solar installation from the North American Board of Certified Energy Practitioners, Solar Energy International, Roof Integrated Solar Energy, or a similar installer certification program; (iii)

possesses a rating of "A" or higher from the local Better Business Bureau; and (iv) has installed a minimum of 150 net-metered residential solar systems ~~in the Commonwealth~~. If the work of installing the solar energy system requires electrical work, such work shall be completed by an electrical contractor licensed by the Department of Professional and Occupational Regulation. All photovoltaic panels, inverters, and other electrical apparatus used in the solar energy system shall be tested and certified by a federal Occupational Safety and Health Administration Nationally Recognized Testing Laboratory such as UL LLC and installed in compliance with manufacturer specifications and all applicable building and electrical codes.

F. The customer or the installer, acting on behalf of the customer, shall submit any ~~loan or rebate~~ claim within 90 days of completion of the installation of the solar energy system, with completion deemed to have occurred once the solar energy system's bi-directional meter or net meter, or the respective utility's revenue grade meter, has been installed and the system has been electrified. Each ~~rebate~~ claim shall include, at a minimum, a date of system electrification and a time-stamped and date-stamped verification of (i) bi-directional net meter delivery or (ii) the operation of a compatible programmed smart meter capable of tracking net metering activity.

G. The Director shall review and approve or deny a ~~loan or rebate~~ claim within 60 days of receipt and shall provide a written explanation of each denial to the respective claimant. The Director shall disburse from the Fund created pursuant to § 45.2-1916 the ~~loan or rebate~~ financial incentive for each approved claim within 60 days of its receipt of the claim and according to the order in which its respective application was approved. Any ~~rebate or grant~~ financial incentive shall be in the amount of no more than \$2 per DC watt ~~for up to six kilowatts of solar capacity installed~~ a maximum of \$12,000. The customer may use a rebate in addition to any federal tax credits or state incentives or enhancements earned for the same solar installation.

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